

## ***NAIC "Fight Fake Insurance" Message Points***

### ***PROBLEM***

- **Fake insurance policies are scams designed to steal your money, and they're on the rise in every line of insurance, costing consumers billions in unpaid claims.**
  - With very few exceptions, no insurance product can be sold by individual agents, brokers or companies without the approval of a state insurance regulator. Fake insurance is any insurance plan that is intended to defraud consumers or businesses.
  - Just like counterfeit money, fake insurance may appear to be legitimate, but it is actually illegal and worthless. If you buy fake insurance, you'll pay premiums, but your claims won't be paid.
    - Fake insurers often use slick marketing materials and choose names that are similar to names of real insurers.
  - In the area of fake health insurance alone, the General Accounting Office reported 144 fake health insurers sold bogus policies to more than 200,000 policy holders between 2000 and 2002, resulting in \$252 million in unpaid claims.
    - In the same time period, the number of fake insurers almost doubled. Many operated in more than one state and under more than one name.

### ***VULNERABILITY***

- **Fake insurance can touch anyone at any time with potentially disastrous results.**
  - Anyone is at risk, but frequent targets of unauthorized health insurance plans are older adults and small businesses or associations looking to reduce health insurance costs.
    - Even reputable agents can be duped into selling fake insurance.
  - Fake insurance can be attractive because it's typically less expensive than legal policies. But that's because a fake policy does not provide sufficient – if any – coverage.
  - As a result of fake insurance policies,
    - Honest people and businesses are swindled;
    - Health is endangered;
    - Premiums stay high; and
    - Goods and services cost more.

### ***SOLUTION***

- **Fighting fake insurance is simple. Just "Stop ... Call ... and Confirm" before you buy.**
  - STOP before signing anything or writing a check
    - If you're not absolutely sure you're dealing with a reputable, licensed insurance provider, look for these three warning signs of fake insurance:
      - Aggressive marketing and a high-pressure, "you must sign today," sales approach with lots of fine print and disclaimers
      - Premiums that are 15 percent or more under the average price for comparable insurance products on the market

- Few coverage limitations
- CALL your state insurance department
  - Visit [www.naic.org](http://www.naic.org) for each state's contact information and tips on fighting fake insurance.
- CONFIRM if the company is legitimate and licensed to do business in your state.
  - You'll not only be protecting yourself from being swindled, but you'll also be helping regulators hunt down and take action against the con artists who sell fake insurance.